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Daily News Snippet

July 07, 2024

Bangladesh Market	
Major Indices	**Last closing**
DSEX Index	5,497.56
% change	2.30%
DS30 Index	1,951.34
% change	2.01%
DSES Index	1,209.00
% change	1.89%
Turnover (BDT mn)	7,707.06
Turnover (USD mn)	65.31
% change	42.91%
Source: Dhaka Stock Exchange	

International Market	
Major Indices	**Last closing**
Dow Jones Industrial Average	39,322.92
% change	0.04%
S&P 500	5,567.19
% change	0.54%
Nikkei 225	40,912.37
% change	0.01%
FTSE 100	8,203.93
% change	-0.45%
Source: Bloomberg	

Exchange rate		
Major Currencies	**Low (BDT)**	**High (BDT)**
USD	117.70	118.00
EUR	127.54	127.91
GBP	150.75	151.18
INR	1.41	1.41
Source: BB		

Money market		
Date	**Call Money Rate Range (%)**	**Weighted Average**
4-Jul-24	8.50 - 10.00	8.84
3-Jul-24	7.75 - 10.00	8.78
Source: BB		

Commodities		
Major Commodities	**Price**	**% Change**
Brent Crude (Oil), USD/bbl.	86.54	-3.69%
Gold Spot, USD/t oz.	2,392.16	2.39%
Cotton, USD/lb.	70.98	-18.98%
Source: Bloomberg		

Market Summary

Bangladesh Market

- The leading bourse of the country, DSEX gained 2.30% in the last trading day, closing at 5,497.56 points.
- The daily turnover rose 42.91% in the last trading day.

Global Market

- Majority of the leading global indices posted mixed returns as Dow Jones posted 0.04% gain, S&P 500 posted 0.54% gain, and FTSE 100 posted 0.45% loss.
- One of the leading Asian market indices, NIKKEI 225 posted 0.01% gain.

Key macro indicators

- All the major currencies rose unchanged against BDT yesterday.
- The average overnight rate is rising steadily in the past few weeks as per the latest trend.
- The current weighted average overnight rate stood at 8.84% with a high rate of 10.0% and low rate of 8.50%.
- The oil price fell 3.69% in the last trading day.

Bangladesh Macro Update

Foreign loan commitments up 9% in FY24, yet remained below $10b

- Bangladesh secured USD 9.88 billion in foreign aid commitments from development partners for project funding and budget support in the just-concluded 2023-24 fiscal year, marking an 8.92% increase from the previous fiscal year, according to Economic Relations Division (ERD) data.
- The government could have secured more credit from foreign lenders, but it decided not to because interest rates are too high right now, according to ERD sources.
- In the 2022-23 fiscal year, Bangladesh secured USD 9.07 billion in commitments.
- In FY22, Bangladesh received USD 10.17 billion in aid commitments.

News Source:

https://www.tbsnews.net/economy/foreign-loan-commitments-9-fy24-yet-remained-below-10b-892861

Finance division reveals austerity measures for FY25

- For the sixth consecutive year, the finance division has imposed several restrictions on allocated budget expenditures, including foreign tours and block allocation, as a part of austerity measures amidst the ongoing economic crisis.
- The finance division yesterday issued a circular to rein in the expenses of ministries, state agencies, and public corporations and ensure austerity in fiscal year 2024-25.
- According to the circular, block allocations for operating budget will be halted from now on.
- Similarly, under both operating and development budgets, foreign tours and participation in seminars and workshops abroad will be halted.

News Source:

https://www.thedailystar.net/business/news/finance-division-reveals-austerity-measures-fy25-3649396

Large-scale industry throughput marks slow pickup

- Throughput in large-scale manufacturing industries edges up, with a 6.4% growth measured in March, in signs of a modest pickup in economic activity.
- Such slow start of a rebound is reflected in the data released by the Bangladesh Bureau of Statistics or BBS recently.
- It shows industrial production in large-scale index was 217.45 in March compared to 204.18 in the same month a year earlier.
- However, the index for the month marked an increase of less than 1.0% over its preceding month of February 2024.

News Source:

https://today.thefinancialexpress.com.bd/first-page/large-scale-industry-throughput-marks-slow-pickup-1720285514

Ship purchase, trade support to dominate PM's crucial China visit

- Bangladesh is set to sign agreements with China to procure four large ships including two crude oil mother tankers with Chinese loans during Prime Minister Sheikh Hasina's upcoming visit to Beijing.
- Experts describe the trip as crucial for the country's regional geopolitics and for maintaining developmental momentum amid economic challenges.
- Officials say incorporating these vessels, which also includes two mother bulk carriers for transporting coal, food grains, cement clinkers, and other goods into Bangladesh's existing fleet, will reduce the country's dependency on foreign ships for transporting highly sensitive products such as fuel oil.
- During the prime minister's visit, scheduled for 8-11 July, an announcement is expected regarding a trade support package from Beijing in Chinese currency, equivalent to USD 5 billion, with an interest rate of 1% and a grace period of 20 years.

News Source:

https://www.tbsnews.net/foreign-policy/ship-purchase-trade-support-dominate-pms-crucial-china-visit-893616

Dhaka, Delhi explore each other's port use for trade with third countries

- Bangladesh and India want to use each other's ports for trade with third countries, and as part of the plan, a delegation left Dhaka on Saturday to visit such facilities in the neighbouring country and engage with relevant authorities.
- Bangladesh, currently exporting goods via ports in Singapore, Sri Lanka, and Malaysia, eyes ports in its bordering states of India, while India aims to use Chattogram Port for its trade with third countries.
- Currently, Bangladesh exports goods to third countries via ports located in Singapore, Sri Lanka, and Malaysia.
- India has transhipment agreements enabling the use of Bangladesh's road, rail, sea, and seaports, and provides free transit for Bangladesh to export goods to Nepal and Bhutan.
- According to sources from the shipping ministry, India plans to either export goods to third countries or facilitate the import of goods from third countries through Bangladesh's Chattogram port.

News Source:

https://www.tbsnews.net/bangladesh/dhaka-delhi-explore-each-others-port-use-trade-third-countries-893526

EPB delays releasing export data after mismatch shock

- The Export Promotion Bureau (EPB) is taking more time than it usually does to release the export data for June apparently because of the shock following the central bank's correction of overseas sales figures.
- Bangladesh Bank data showed on Wednesday that actual exports in July-April of fiscal year 2023-24 were nearly USD 14 billion below the shipment value of goods published by the EPB earlier, one of the biggest shocks in the financial sector in recent times.

- Usually, the wing of the commerce ministry releases the export data of the previous month within the first three days of the current month.
- This time, the release was delayed after the central bank published corrected figures on export earnings, ending the discrepancy between the real receipts and the data shared by the EPB.

News Source:

https://www.thedailystar.net/business/economy/news/epb-delays-releasing-export-data-after-mismatch-shock-3650676

Sectoral Update

Banks, NBFIs, and Insurance

BB finds six types of wrongdoing in export data

- The central bank discovered six types of statistical wrongdoing that inflated export data, a development that led to a multibillion-dollar correction.
- Anomalies range from serial duplication errors to miscalculations of the value of fabrics to repeated miscounts of sample items as exports.
- Bangladesh Bank sent a note to government agencies, explaining the rationale for the correction.
- Discrepancies were covered last year by several media outlets, but the massive correction by the central bank on July 3 in a balance of payments update came as a surprise to economists and business leaders.

News Source:

https://www.thedailystar.net/business/economy/news/bb-finds-six-types-wrongdoing-export-data-3649826

Apparel & Textile

Cut in export incentives to weigh on textile sector

- The government's decision to further cut incentives on export receipts will badly hurt the domestic textile sector which bears an investment of USD 22 billion, according to a top leader of Bangladesh Textile Mills Association (BTMA).
- Moreover, the primary textile sector, which has been working as the garment industry's main backward linkage, will lose its competitiveness in international markets, according to BTMA President.
- The government needs to formulate a long-term roadmap for the textile and garment sector to survive and grow well into the country's graduation into a developing nation, according to BTMA President.

News Source:

https://www.thedailystar.net/business/economy/news/cut-export-incentives-weigh-textile-sector-3650671

Yarn import jumps 13% as local production chokes amid gas crisis

- Bangladesh's textile and spinning mills are struggling to produce yarn due to a lingering gas crisis which has led to a jump in yarn imports of about 13% as fabric and apparel makers look elsewhere to meet the demand.

- According to data from the Bangladesh Bank, the apparel industry imported yarn worth USD 2.64 billion in the July-April period of the just-concluded fiscal year, compared to products worth USD 2.34 billion during the same period in FY23.
- The garment industry is facing a double whammy, according to apparel exporters.
- Local textile mills and garment makers have been forced to increase imports despite the prevailing dollar crisis and the recent cuts to government incentives may further encourage imports.
- This reliance on foreign yarn could hurt the value addition of the RMG sector.

News Source:

https://www.tbsnews.net/economy/rmg/yarn-import-jumps-13-local-production-chokes-amid-gas-crisis-892851

Apparel shipment to the USA declines by 12.31%

- Bangladesh's garment shipment to the US, the south Asian nation's single largest export destination, declined by 12.31% year-on-year to USD 2.9 billion in the January-May period because of lower import by the American retailers and brands from all over the world.
- The combined textile and garment shipment to the USA fell by 11.91% year-on-year to USD 3 billion in the January-May period of this year, according to data from the Office of Textiles and Apparel (OTEXA).
- In May, clothing and accessories stores were up 1.44% month over month seasonally adjusted and up 6.24% year over year unadjusted, according to data from the National Retail Federation (NRF), the largest retail association in the USA.
- In 2020, the energy and mineral resources ministry issued a circular to stop providing new gas connections to industries outside economic zones and industrial parks from April 2021.

News Source:

https://www.thedailystar.net/business/news/apparel-shipment-the-usa-declines-1231-3650396

IT Sector

Building hi-tech parks in districts: progress only 14% in 7 years

- Development initiatives in Bangladesh normally take longer than usual to come to fruition.
- However, the project to set up a dozen hi-tech parks at the district level is moving at such a glacial pace that it may hold the government from attaining its vision of building a smart nation and readying the workforce for the digitalised world.
- The government initiated the project in April 2017 to construct 12 hi-tech parks in as many districts to create a skilled workforce and job opportunities to tap the potential in the information technology sector at home and abroad.

News Source:

https://www.thedailystar.net/business/economy/news/building-hi-tech-parks-districts-progress-only-14-7-years-3650696

Food and Allied

Drop in global wheat prices spurs record imports in FY24

- Wheat imports surged to an all-time high in the just-ended financial year to 6.8 million tonnes, buoyed by a combination of lower international prices and increased demand from local food processors, according to industry insiders.
- Wheat arrivals jumped by more than 74% year-on-year in FY2023-24, with the private sector accounting for over 88% of imports, according to the Directorate General of Food under the Ministry of Food.
- In FY24, total food grain -- wheat and rice together -- arrivals were the second-highest on record followed by the all-time high of 9.7 million tonnes in FY18.
- However, rice imports in FY24 were negligible, according to the food ministry.
- Consumer rights activists argue that this large volume of wheat imports has offered little benefit to people.

News Source:

https://today.thefinancialexpress.com.bd/public/last-page/drop-in-global-wheat-prices-spurs-record-imports-in-fy24-1720202537

Capital Market

DSEX regains 400 pts in three weeks as investor sentiment improves

- The market continued to rally, rounding off a third straight week of gains as buyers renewed their appetite especially for large-cap stocks.
- The benchmark equity index, DSEX, regained almost 400 points in the past three weeks to end the week at 5,497 points.
- The investors remained upbeat following the news that the government employees may be allowed to trade in stocks.
- Also, some fresh funds flowed into the market as investors received refunds from the latest IPO subscriptions, according to market experts.

News Source:

https://today.thefinancialexpress.com.bd/public/stock-corporate/dsex-regains-400-pts-in-three-weeks-as-investor-sentiment-improves-1720197651